



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

the mortality tables, selection of lives, etc. Inasmuch as the average person knows very little about what the business of life insurance is and what it does for the policyholder, the reader should first be told what the business he is reading about has for sale, rather than what are its scientific foundations and what has been the history of its products. Afterwards these latter subjects will be of greater interest and will have more meaning.

There are some errors in the book that should not have been made. On page 146 it is stated that the renewal commissions are now commonly limited to the first seven years of the policy; whereas they usually either run for a longer term than this or are commuted into three years. On page 249 it is said that "*many* states have considered it necessary to lay down the limit of expense for new business"; whereas there are two only, New York and Wisconsin. Such errors are mostly in detail and do not greatly affect the value of the work. There is, however, one serious omission. While most of the well-known mortality tables are fully treated, a table which is more important than almost any other, and which was constructed from the most extensive investigation ever made for any general mortality table founded on insured lives, the British Offices table, is entirely passed over. Furthermore, on page 63 it is stated that the Combined Experience table is the one now generally in use in England, whereas it is the British Offices tables which are in general use.

WENDELL M. STRONG.

The Principles of Insurance. Volume II. Fire. By W. F. GEPHART.
(New York: The Macmillan Company. 1917. Pp. xi, 332.
\$1.50.)

Fire underwriters have often complained that a business with which only a few others are comparable in point of size, universality, and importance, should have received from the public so little intelligent study. Their thirty million policies represent an average of about one and one-half for each family in this country, and aggregate a total of more than sixty billion dollars of fire insurance in force; and yet there are probably ten men who can intelligently discuss banking or railroading to every one who is really conversant with the problems of underwriting. For this reason, the volume under consideration is of unusual importance.

Professor Gephart's work takes the form of a student's textbook. It is written from the viewpoint of an economist rather than

of a technician, and properly so, since it is intended for the general student. It bears evidence of painstaking accumulation of data, and deliberate, intelligent appraisal of values. It would be too much to claim that the author has entirely mastered a subject of which the depths have by no means been sounded by those who spend their lives in the work or that all of his statements would pass without challenge from underwriters, but it is certain that he has written a clear, interesting, and admirably balanced study of the principles of fire insurance.

It is in its clarity and sense of proportion that this volume is particularly noteworthy. A subject so extensive and containing such elements of complication has naturally led to specialization among underwriters, and those among them who have published books, have generally dealt with some one of the phases—such as the actuarial, administrative, financial, legal, or engineering problems. Most of them lack the perspective of an outsider; and when this outsider is equipped with a trained mind and a sincere purpose, both evident in this book, his labors are of value.

The volume in question opens with a brief survey of the history of fire insurance, necessarily much fore-shortened, but sufficient for an introduction. From this point, the author proceeds to a statement of economic principles, such as those involved in the relation of fire insurance to production, to credit, to distribution, and to its general background of American fire losses. He negatives the occasional charge that fire insurance is a monopoly, and says: "As the business is at present conducted, its very character induces excessive competition and this natural tendency is aided by mistaken legislation which has for its purpose the placing of a premium on competition by the companies."

After chapters upon business organization and methods, Professor Gephart enters into a consideration of the highly technical questions of hazard and rate making, which are viewed by many students as constituting the most complicated problem known to business finance. This ground is much controverted, as the author fully recognizes, but his definitions and statements of principles are substantially correct, and he notes the earnest efforts of the underwriters to work out rates which shall correspond as closely as possible to the exact degrees of hazard involved in all risks. In this connection he makes particular references to the establishment of the Actuarial Bureau of the National Board of Fire Underwriters for the purpose of compiling and analyzing

national fire loss statistics. He is obviously a disbeliever in the value of state rate making as compared with public supervision.

Other chapters deal with the policy contract, limitation of liability, and the finances of fire insurance, and the author presents a brief summary of the fire prevention efforts being made through the National Board and other instrumentalities.

The last chapter is devoted to the well-fought field of the relation of the state to insurance. In this chapter it is interesting to note that Professor Gephart reaches independent conclusions similar, on the whole, to those long held by the leading underwriters. He says that "the popular notions and sophisms of insurance are to be found in the case of scarcely any other business"; and he notes as "popular fallacies" the ideas that "the public can benefit in price by encouraging and compelling independent action on the part of all companies in selling their commodity," "that insurance is a business suited for profit taking," "that insurance is a peculiarly profitable business for those engaged in it," and that insurance companies can be expected to pay "from some mysterious source sums far in excess of the premiums paid them and their earnings."

His general conclusions are expressed in his closing words: "Whatever reforms are needed can be best accomplished by the fire insurance companies themselves. A greater degree of coöperation with the ends in view of restricting undesirable competition and of devising standards for the business, is the great need of the fire insurance business."

In point of copy-reading, the volume leaves something to be desired. For example, The National Board of Fire Underwriters is occasionally referred to as "The National Board of Underwriters" and once as "The National Board of Fire Indemnities."

WILBUR E. MALLALIEU.

NEW BOOKS

COMBAT, F.-J. *Les assurances et la guerre (1914-1915)*. (Paris: Berger-Levrault. 1917.)

CORNELIUS, M. P. *Accidental means; a brief on the insuring clause of personal policies*. Revised and brought down to December, 1916. (New York: Hine Bros. 1917. Pp. 118. \$3.)

DEITCH, C. A. *Digest of insurance cases. Volume 29, for the year ending October 31, 1916*. (Indianapolis: Rough Notes Co. 1916. Pp. xlv, 596.)